

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)

Advanced Television Systems)
and Their Impact Upon the)
Existing Television Broadcast)
Service.)

MM Docket No. 87-268

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REPLY COMMENTS OF
AMERITECH NEW MEDIA ENTERPRISES, INC.

Ameritech New Media Enterprises, Inc. ("Ameritech New Media" or the "Company"), respectfully offers the following brief reply to the Initial Comments on the Fourth Further Notice of Proposed Rulemaking ("Fourth NPRM") and Third Notice of Inquiry ("NOI") released in this docket on August 9, 1995.

In its Initial Comments, Ameritech New Media made three basic points which garnered considerable support among the other parties in this docket. First, the Company said that to the extent Advanced Television ("ATV") spectrum is allocated free of charge and allowed to be used to provide services other than free, over-the-air high definition broadcast television programming, eligibility for use of that spectrum should not be

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limited to existing broadcasters.¹ Many others agreed.² And, to the extent ATV spectrum is allocated to broadcasters exclusively and without compensation, many -- including some broadcasters -- believe that a minimum HDTV broadcast requirement would enhance the chances of free, over-the-air high definition television service becoming a reality.³

Second, Ameritech New Media explained why broadcasters should not be allowed to indefinitely retain free allotments of both ATV spectrum and National Television System Committee ("NTSC") spectrum.⁴ Many parties made the same point in their comments.⁵

Third, the Company argued that must-carry requirements should not apply to any services provided over ATV channels other than free, over-the-air broadcasting and should not apply to programming duplicated on NTSC channels.⁶ Many others agreed with these arguments, as well.⁷

¹ Ameritech New Media Initial Comments at 2-5.

² See e.g., Alliance for Community Media at 19-20; Media Access Project et al. (MAP) at iii, 11-12; General Instrument at 7; FAIR at 1-2; Seniors' Advocate at 2.

³ See Broadcasters at 5, 17-20; General Instruments at 5-6; NYNEX at 4-5, fn. 10; Zenith at 3; Hitachi America at 5; Thomson at 4; Grand Alliance at 4-5; NBC at 8; National Consumers League at 6; Capital Cities/ABC at 7.

⁴ Ameritech New Media Initial Comments at 5.

⁵ See e.g., MAP at 34; Pulitzer at 2; APCO at 2; Thomson at 6-7; Grand Alliance at 10-12; Motorola at 2, 4-6.

⁶ Ameritech New Media Initial Comments at 6-7.

⁷ See e.g., MAP at v, 35; General Instrument at 20; UVTV at 3; Intermedia at 5-6.

A couple of additional points in reply are necessary. First, some broadcasters would extend must-carry obligations to guarantee the same channel positioning regardless of whether the signal is received over-the-air or on cable, through a converter box or straight input to the television set, and regardless of whether the signal is carried on an NTSC or ATV frequency.⁸ Ameritech New Media believes that the Commission could not even begin considering such a requirement, let alone adopt it, until an official ATV transmission standard and a channel allotment table is adopted⁹ and the current must-carry rules complete the process of judicial review.

Moreover, General Instrument is correct when it notes that cable operators should be allowed to demodulate and repack ATV signals into a higher bit-rate package.¹⁰ The broadcasters' contrary argument would have cable operators carry ATV signals on a strict "pass through" basis, i.e. a 6 MHz signal on a 6 MHz channel. Yet, the digital bit stream in an over-the-air broadcast compression system -- 19 Mbps -- uses only about half of the bit stream capacity of a wire-based compression system (36 Mbps). Thus, the broadcasters strict "pass through" method would result in a terribly inefficient

⁸ Broadcasters at 34-35; INTV at 6.

⁹ Adoption of such channel positioning requirements in advance of the adoption of an ATV standard actually could impede the development of digital technology applications for broadcast and cable services.

¹⁰ General Instrument Initial Comments at 19.

use of cable network capacity. The right and responsibility of cable operators to repackage digital program bit streams to maximize the efficient use of network capacity should not be usurped in this manner.

Even assuming that the Commission's rationale for the must-carry rules for NTSC broadcasts is upheld on judicial review, there is no basis whatsoever to conclude at this early stage that all services provided on a 6 MHz ATV channel will pass the same public interest test and thereby warrant must-carry treatment. It simply is too early to decide that question.

Second, the Commission should not adopt the suggestion that all subscription services be made subject to Title III public interest obligations.¹¹ This particular proposal, which on its face is not limited to spectrum-based services like Direct Broadcast Satellite Service but also could be read to include traditional subscription cable services as well, goes far beyond the notice and scope of this proceeding.

¹¹ MAP at 26.

In conclusion, Ameritech New Media asks these reply comments, as well as the Company's initial comments, be reflected in the Commission's final order in this docket.

Respectfully submitted,

AMERITECH NEW MEDIA
ENTERPRISES, INC.

By: Renee M. Martin
Renee M. Martin
Its Attorney
300 S. Riverside Plaza
Suite 1800 North
Chicago, Illinois 60606
312-526-8062

January 16, 1996

CERTIFICATE OF SERVICE

I, Louise M. Biancalana, do hereby certify that copies of the foregoing Reply Comments of Ameritech New Media Enterprises, Inc., have been served on all parties listed on the attached service list, via first class mail, postage prepaid, this 16th day of January, 1996.

By: Louise M. Biancalana
Louise M. Biancalana *to*

Mark A. Cunningham
President, CEO for Antenna Concepts, Inc.
6601C Merchandise Way
Diamond Springs, CA. 95619

Michelle Kyle
Affiliate Sales Manager for America One
Television
600 East Las Colinas Blvd.
Suite 1330
Irving, TX. 75039

Salvador A. Serrano
Asiavision, Inc.
7501 Greenway Center Drive
Greenbelt, MD. 20770

Lawrence Rogow
Atrium Broadcasting Company
6611 Santa Monica Blvd.
Los Angeles, CA. 90038

James R. Rand
Executive Director for Association of Public-
Safety Communications Officials-International,
Inc.
2040 S. Ridgewood Ave.
South Daytona, FL. 32119

James N. Horwood, Esq.
Attorney for Alliance for Community Media
SPIEGEL & McDIARMID
1350 New York Ave., N.W.
Washington, D.C. 20005

James J. Popham
Vice President, General Counsel for
Association of Independent Television
Stations, Inc.
1320 19th Street, N.W.
Suite 300
Washington, D.C. 20036

Ronald Bruno
President for Bruno-Goodworth Network, Inc.
975 Greentree Road
Pittsburgh, PA. 15220

Jud Colley
Beach TV, Inc.
P.O. Box 9556
Panama City, FL. 32417

Louis Martinez
BLM Enterprises
17511 Santa Rosa Road
Perris, CA. 92570

Jonathan D. Blake
Gerard J. Waldron
Ellen P. Goodman
Attorneys for The Association for Maximum
Service Television, Inc.
COVINGTON & BURLING
1201 Pennsylvania Avenue, N.W., P.O. Box 7566
Washington, D.C. 20044

Vincent A. Pepper
Attorney for Busse Broadcasting Corp.
PEPPER & CORAZZINI L.L.P.
200 Montgomery Building
1776 K Street, N.W.
Washington, D.C. 20006

Bryan Blair
Director of Broadcast Services for
Campbellsville College WO4BP
200 West College Street
Campbellsville, KY. 42718

Peter Tannenwald
Elizabeth A. Sims
Attorneys for Community Broadcasters
Association
IRWIN CAMPBELL & TANNENWALD, P.C.
1320 - 18th Street, N.W.
Suite 400
Washington, D.C. 20036-1811

W. Stephen Cannon
Senior Vice President and General Counsel
Consumer Electronics Retailers Coalition
Circuit City Stores, Inc.
9950 Mayland Drive
Richmond, VA. 23233

Ronald L. Parrish
Vice President of Corporate Development
Consumer Electronics Retailers Coalition
Tandy Corporation
1800 One Tandy Center
Fort Worth, TX. 76102

John J. Motley, III
Senior Vice President for Government Affairs
Consumer Electronics Retailers Coalition
National Retail Federation
325 7th Street, N.W.
Suite 1000
Washington, D.C. 20004

Cary S. Tepper
Attorney for Creative Educational Media Corp.
BOOTH, FRERET & IMLAY, P.C.
1233 20th Street, N.W.
Suite 204
Washington, D.C. 20036

Alan N. Braverman
Vice President
Sam Antar
Vice President, Law & Regulation
Attorneys for Capital Cities, ABC, Inc.
77 West 66th Street
New York, NY. 10023

Robert J. Ungar
Attorney for Cable Telecommunications
Association
ARTER & HADDEN
1801 K Street, N.W.
Suite 400K
Washington, D.C. 20006

Robert K. Graves
Consultant for The Digital HDTV Grand
Alliance
R.K. Graves Associates
Technology and Policy Consultants
12701 Mill Glen Court
Clifton, VA. 22024

Jim Zaroda
EMCEE Broadcast Products
P.O. Box 68
Susquehanna St. Ext.
White Haven, PA. 18661

Jeff Cohen
Sam Hussein
Jim Naureckas
FAIR
130 W. 25th Street
New York, NY. 10001

Quincy Rodgers
Director, Government Affairs
Attorney for General Instrument Corp.
1133 21st Street, N.W.
Suite 405
Washington, D.C. 20036

Robert M. Rast
Vice President, Technical Business
Development
General Instrument Corp.
6262 Lusk Boulevard
San Diego, CA. 92121

Georg E. DeVault, Jr.
President for Holston Valley Broadcasting
Corporation
Box WKPT
Kingsport, TN. 37662

Richard H. Schwartz
Sales Manager for ITS Corporation
103 Freedom Drive
P.O. Box 460
Lawrence, PA. 15055-0460

Harley J. Goldstein
Benjamin N. Cardozo School of Law
2 Pennsylvania Avenue
Crestwood, NY. 10707

Jack S. Fuhrer, Senior Director
John G.N. Henderson, Chief Researcher
Hitachi America, Ltd.
307 College Road East
Princeton, NJ. 08540

William H. Sauro
President
KUSK, Inc.
3211 Tower Road
Prescott, AZ. 86301-8890

John Kompas
Jackie Biel
Owners of K-B Limited
5235 North 124th Street
Suite 22
Butler, WI. 53007

Robert R. Rule
K39DQ, Cheyenne, WY. and K63EZ, Laramie,
WY.
2232 Dell Range Boulevard
Suite 306
Cheyenne, WY. 82009-4994

Gary Cocola
K66CQ, O'Neals, CA.
706 West Herndon Avenue
Pinedale, CA. 93650

Raoul Lowery Conteras
Vice President Programming
KGH TV 61
Posadas Broadcasting Inc.
No Address Given

Larry Morton
President
Kaleidoscope Affiliates
#1 Shackleford Drive
Suite 400
Little Rock, AR. 72211

Larry Morton
President
K56FD
Arkansas Media, LLC
#1 Shackleford Drive
Suite 400
Little Rock, AR. 72211

Robert Joblin, COO
Kaleidoscope Associates, LLC
#1 Shackleford Drive
Suite 400
Little Rock, AR. 72211

Larry Morton
President
Las Vegas Media, LLC
#1 Shackleford Drive
Suite 400
Little Rock, AR. 72211

Lilly Menendez
General Manager
Latin Communications Group Television
2942 W. Columbus Dr.
Suite 204
Tampa, FL. 33607-2275

David A. Hanna
President
Lockwood Broadcasting Inc., WPEN-LP
220 Salters Creek Road
Hampton, VA. 23661

Tammy Willeford
Louisiana Television News Corp.
912 North Foster Drive
Baton Rouge, LA. 70806

Gigi B. Sohn
Andrew Jay Schwartzman
Joseph S. Paykel
Attorneys for MEDIA ACCESS PROJECT
2000 M. Street, N.W.
Suite 400
Washington, D.C. 20036

Angela J. Campbell
Ilene R. Penn
CITIZENS COMMUNICATION CENTER
PROJECT
MEDIA ACCESS PROJECT
Georgetown University Law Center
600 New Jersey Avenue, N.W.
Washington, D.C. 20001

David Honig
Selena Y. Khan
MINORTY MEDIA AND
TELECOMMUNICATIONS COUNCIL
MEDIA ACCESS PROJECT
3636 16th Street, N.W.
Washington, D.C. 20010

Michael D. Kennedy
Vice President and Director, Regulatory
Relations
Stuart E. Overby
Assistant Director, Spectrum Planning
Motorola, Government Relations Office
1350 I Street, N.W., Suite 400
Washington, D.C. 20005

Doug Jensen, Station Manager
North Georgia Television
101 S. Spencer Street
Dalton, GA. 30721-3122

Edward N. Ridges
Board Member and Past President
National Translator Association
P.O. Box 628
Rivertown, WY. 82501

J. Rodger Skinner, Jr.
President
Skinner Broadcasting, Inc.
600 W. Hillsboro Blvd.
Suite 27
Deerfield Beach, FL. 33441

Richard Cotton
Ellen Shaw Agress
National Broadcasting Company, Inc.
30 Rockefeller Plaza
New York, NY. 10112

Julian L. Shepard
Attorney for National Broadcasting Company,
Inc.
VERNER, LIIPFERT, BERNHARD,
McPHERSON & HAND
901 15th Street, N.W.
Suite 700
Washington, D.C. 20005-2301

Donald C. Rowe
Attorney for NYNEX Corporation
1111 Westchester Avenue
White Plains, NY. 10604

Leroy Paul
President, AFLAC Broadcast Division
1932 Wynnton Road
Columbus, GA. 31999

Shannon Roley
Office of Senator Jesse Helms
403 Dirksen Office Building
Washington, D.C. 20510

John M. Llewellyn
President and General Manager
WNWC-TV 36
1001 Wood Ridge Center Drive
Charlotte, NC. 28217-1901

Erwin G. Krasnow
Julian L. Shepard
Attorneys for Pulitzer Broadcasting Company
VERNER, LIIPFERT, BERNHARD,
McPHERSON AND HAND
901 15th Street, N.W.
Suite 700
Washington, D.C. 20005

Gregg P. Skall
Attorney for Pacific FM, Inc.
PEPPER & CORAZZINI, L.L.P.
1776 K Street, N.W.
Suite 200
Washington, D.C. 20006

Mike Rosso
103 Freedom Drive
P.O. Box 460
Lawrence, PA. 15055-0460

Michael Couzens
Attorney for Special Districts, San Bernadino
County, CA.
MICHAEL COUZENS, ATTORNEY AT LAW
5337 College Avenue
Suite 610
Oakland, CA. 94618

Byron W. St. Clair
2355 Ranch Drive
Westminster, CO. 80234

Ronald D. Maines
Attorney for Seniors' Advocate
KLEIN & MAINES, P.L.L.C.
2300 M Street, N.W.
Suite 900
Washington, D.C. 20037

Tod A. Lancaster
President
Lighting Broadcasting Company TV 41
1105 W. St. Anthony Avenue
P. O. Box 746
Effingham, IL. 62401

Kurt Petersen
President
TV 58 St. Louis, Inc.
7301 Watson Road
Suite 213
St. Louis, MO. 63119

Larry M. Maley
President
TV 51 Columbus, Ohio
10077 Jacksontown Road SE
Thronville, OH. 43076

Edward Owen
General Manager
TV43-KY. New Era, Inc.
1616 East Ninth St.
P. O. Box 4300
Hopkinsville, KY. 42241-4300

Bruce D. Sokler
Christopher A. Holt
Attorneys for Turner Broadcasting System, Inc.
MINTZ, LEVIN, COHN, FERRIS, GLOVSKY &
POPEO, P.C.
701 Pennsylvania Avenue, N.W.
Suite 900
Washington, D.C. 20004

Jeff Treeman
Kim Koontz Bayliss
UVTV
7140 S. Lewis
Tulsa, OK. 74136

Bob James
Attorney for UVTV
COLE, RAYWID & BRAVERMAN
1919 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Warren Reeves
Director Broadcast Affiliations
Video Jukebox Network
1221 Collins Avenue
Miami Beach, FL. 33139

Valgene T. Younger
7045 Valley Brook
West Bloomfield, MI. 48322

Jeffrey W. Gnagey
General Manager
WIWU TV-51
4201 South Washington Street
Marion, IN. 46953-4999

Sara Evetts, Owner
W10BV, Lawrenceburg County
44 Marcella Falls Road
Ethridge, TN. 38456

Randolph Weigner
President/Operator, WRAP-LP
29 Douglas Drive
Meredith, NH. 03253

Vernon Watson, Owner
WBOP TV-12
3101 North R Street
Pensacola, FL. 32505

Gwendolyn Moore
Association of Black Owned Television
Stations
WAV TV 53
10854 Green Mountain Circle
Columbia, MD. 20144

Albin F. Moschner
President and CEO
John I. Taylor
Vice President, Public Affairs
Zenith Electronics Corporation
1000 Milwaukee Avenue
Glenview, IL. 60025